

Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 21457 01 OF 02 221148Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 /080 W

----- 091665 /12

R 221137Z DEC 76
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4239
DEPARTMENT TREASURY
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION OECD PARIS
AMEMBASSY VIENNA
AMEMBASSY BERN
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY COPENHAGEN

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 21457

TREASURY FOR SYVRUD AND FAUVER

E.O. 11652: N/A
TAGS: EFIN, GW
SUBJECT: GERMAN GNP: AN EMBASSY PROJECTION

1. ON THE BASIS OF PRESENT POLICIES (INCLUDING THE
STANDBY GOVERNMENT INFRASTRUCTURE PROGRAM) WE PROJECT
A 4.0 PERCENT INCREASE IN GERMAN REAL GNP FOR 1977
OVER 1976. IF THE GERMAN ECONOMY STOPPED GROWING
COMPLETELY DURING 1977 AND JUST MAINTAINED THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 21457 01 OF 02 221148Z

SEASONALLY ADJUSTED QUARTERLY GNP WE PROJECT FOR
THE FOURTH QUARTER OF 1976, REAL GNP IN 1977 ALREADY
WOULD EXCEED 1976 BY 1.7 PERCENT (THIS IS THE SO-
CALLED OVERHANG). OUR 4.0 PERCENT GROWTH PROJECTION
THUS IMPLIES ONLY VERY MODERATE GROWTH DURING THE
COURSE OF THE YEAR. ANOTHER WAY OF ILLUSTRATING THE

SAME POINT IS THAT OUR PROJECTION IMPLIES A LEVEL OF
REAL GNP DURING THE FOURTH QUARTER OF 1977 ONLY
3.2 PERCENT ABOVE THE FOURTH QUARTER OF 1976.

TABLE I

GNP, FEDERAL REPUBLIC OF GERMANY

(CONSTANT 1962 PRICES, PERCENTAGE INCREASE
OVER PREVIOUS YEAR)

| | 1976 | 1977 |
|---|--------|--------|
| PRIVATE CONSUMPTION | 3.3 | 4.5 |
| PUBLIC CONSUMPTION | 2.9 | 2.5 |
| INVESTMENT IN MACHINERY & EQUIPMENT | 6.6 | 5.0 |
| CONSTRUCTION | 2.0 | 2.7 |
| INVENTORIES (IN DM BILLION, 1962 PRICES) | (7.9) | (7.2) |
| NET FOREIGN BALANCE (IN DM BILLION, 1962 PRICES) | (13.6) | (14.8) |
| <hr/> | | |
| GNP | 5.5 | 4.0 |
| GNP DEFLATOR | 3.5 | 4.2 |
| PRIVATE CONSUMPTION DEFLATOR | 4.5 | 4.5 |

2. WE PROJECT OVERALL GNP GROWTH AT A FAIRLY STEADY,
BUT MODEST RATE DURING THE FIRST THREE QUARTERS OF
1977 BUT DO NOT SEE THIS SPARKING AN INVESTMENT BOOM.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 21457 01 OF 02 221148Z

ON THIS BASIS WE BELIEVE THAT THE ECONOMY IS LIKELY
TO PRACTICALLY STAGNATE BY THE FOURTH QUARTER. IN
CONSIDERING THE DIFFERENCE IN DEVELOPMENTS BETWEEN

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BONN 21457 02 OF 02 221149Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 /080 W

----- 091673 /13

R 221137Z DEC 76
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4240
DEPARTMENT TREASURY
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION OECD PARIS
AMEMBASSY VIENNA
AMEMBASSY BERN
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY COPENHAGEN

LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 21457

THE TWO HALVES OF THE YEAR PRESENTED IN TABLE II, IT
MUST BE BORNE IN MIND, HOWEVER, THAT THE BOOST TO THE
GROWTH RATES PROVIDED BY THE "OVERHANG" (SEE PARA 1) IS
GREATER DURING THE FIRST THAN DURING THE SECOND HALF.

TABLE II

GNP, FEDERAL REPUBLIC OF GERMANY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 21457 02 OF 02 221149Z

(CONSTANT 1962 PRICES, PERCENTAGE INCREASE OVER
PRECEDING HALF YEAR, SEASONALLY ADJUSTED,
ANNUAL RATES, ON BUNDES BANK BASIS)

1977

1ST HALF 2ND HALF

| | | |
|--|-----|-----|
| PRIVATE CONSUMPTION | 7.2 | 1.0 |
| PUBLIC CONSUMPTION | 2.6 | 3.0 |
| INVESTMENT IN MACHINERY AND EQUIPMENT | 7.0 | 6.1 |

CONSTRUCTION 3.0 0.0

INVENTORIES (DM BILLION,

1962 PRICES, NOT AT

ANNUAL RATE) (3.0) (4.2)

NET FOREIGN BALANCE (DM BILLION,

1962 PRICES, NOT AT

ANNUAL RATE) (7.0) (7.8)

GNP 4.8 3.0

3. OUR OVERALL PROJECTION FOR 1977 IS LOWER THAN
THAT OF MOST GERMAN FORECASTERS PRIMARILY BECAUSE OF
A LOWER PROJECTED GROWTH OF INVESTMENT IN MACHINERY
AND EQUIPMENT. WE ARE RELATIVELY OPTIMISTIC ON THE
GROWTH OF PRIVATE CONSUMPTION IN PART BECAUSE WE
FORESEE SOMEWHAT HIGHER WAGE SETTLEMENTS THAN ASSUMED
BY MANY OTHER FORECASTERS. WE DO NOT FORESEE A
SIGNIFICANT IMPACT ON GERMAN REAL GROWTH RATES BY
THE OIL PRICE INCREASE.

STOESSEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GNP, ECONOMIC ESTIMATES, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 DEC 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BONN21457
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760469-0734
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761218/aaaaapkk.tel
Line Count: 190
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by hartledg>; APPROVED <06 APR 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GERMAN GNP: AN EMBASSY PROJECTION
TAGS: EFIN, GE
To: STATE TRSY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006